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Contact: Scott Mulhauser (Baucus) 224-4515
Jill Gerber (Grassley) 224-4515
Brian Cook (Stark) 225-3202

BAUCUS, GRASSLEY, STARK RELEASE GAO REPORT SHOWING NEED FOR TRANSPARENCY IN NURSING HOME OWNERSHIP

*Report Highlights Need for Better Accountability and Transparency
in Private Investment Firm Ownership of Nursing Homes*

Washington, DC – Senate Finance Committee Chairman Max Baucus (D-Mont.), Ranking Member Chuck Grassley (R-Iowa), and House Ways and Means Subcommittee on Health Chairman Pete Stark (D-CA) released a new Government Accountability Office (GAO) report today on the need for greater transparency regarding companies' ownership of nursing homes. Baucus, Grassley and Stark requested the report, titled "Complexity of Private Investment Purchases Demonstrates Need for CMS to Improve the Usability and Completeness of Ownership Data." The report highlights the increasing rate at which private investment firms are purchasing nursing homes and the lack of transparency in nursing home ownership arrangements that often results. The lack of clear ownership information makes it difficult for consumers and regulators to know who owns the nursing home and who bears responsibility for decision-making affecting quality of care and to hold those responsible parties accountable. Baucus, Grassley and Stark have long worked to improve the accountability of nursing home owners across the country in an effort to protect Medicare and Medicaid beneficiaries and taxpayer dollars. The lawmakers have requested a subsequent GAO report that will evaluate the relationship between these corporate structures and the quality of care provided to nursing home residents.

"Nursing home residents and their families deserve to know the full story about who is ultimately responsible for their care," said Baucus. **"Federal health care officials need full and detailed information so they can properly oversee these nursing homes and hold the correct parties accountable for keeping patients safe and well-cared for. The new health reform law, the Affordable Care Act, works to address some of the problems highlighted in today's report by significantly increasing transparency and shedding light on the ownership and safety of nursing homes. We will continue to keep a close eye on the implementation of these transparency measures to ensure we have a clear picture of who is accountable for the quality of care in nursing homes."**

"I've been fighting for greater transparency and accountability for nursing home residents and their families for more than a decade," Grassley said. **"This report provides further evidence of what we already knew – that the federal government needs to do a better job giving nursing home residents -- including Medicare beneficiaries – complete, accurate and timely information so they can make the right choices when choosing a nursing home. I'll continue my vigorous oversight to hold the system accountable. We owe that to nursing home residents."**

"This GAO report found that a handful of private equity firms have been buying up nursing homes over the past decade – leaving seniors and their loved ones in the dark about who is making the

decisions about their care," said Stark. "New disclosure requirements in the health reform law will shed light on who owns nursing homes, who is making care decisions, and how these facilities are being run. I intend to monitor CMS's progress in implementing the law, and look forward to a future report on the relationship between ownership and quality of care."

The GAO report details how private investment firms acquired 1,876 nursing homes from 1998 to 2008, with ten large firms accounting for 89 percent of the purchases. According to the report, then-current law did not require sufficient disclosure of information on multi-home chains and led to a lack of accountability across the industry. The three lawmakers noted that provisions enacted into law in the Patient Protection and Affordable Care Act provide CMS an opportunity to address these shortcomings and may be the solution to problems identified in the GAO report. Specifically, the Affordable Care Act requires nursing homes to provide information to state and federal health officials about the facility's ownership, governing body and organizational structure. The new law also increases transparency of information related to nursing home staffing, certifications, complaints, criminal violations and expenditures, including wages and benefits for staff. This increased transparency will help improve patient care by making clear who is ultimately responsible for keeping patients safe and well cared for. The three lawmakers will be monitoring CMS's efforts to improve transparency as required by the Patient Protection and Affordable Care Act and as recommended in the GAO report. Today's GAO report is available online at www.gao.gov.

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